

CHAPTER 1036
MORTGAGE RELEASES
H.F. 2232

AN ACT relating to mortgage releases.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. [Section 535B.11, subsection 5](#), Code 2018, is amended by striking the subsection.

Sec. 2. [Section 655.1](#), Code 2018, is amended to read as follows:

655.1 Written instrument acknowledging satisfaction.

When the amount due on a mortgage is paid off, the mortgagee, the mortgagee's personal representative or assignee, or those legally acting for the mortgagee, and in case of payment of a school fund mortgage the county auditor, must within thirty days of payment in full, shall acknowledge satisfaction thereof by execution of an instrument of satisfaction which is in writing, referring refers to the mortgage, and is duly acknowledged and recorded. Notwithstanding the foregoing, if the mortgage secures a revolving line of credit, future advances, or other future obligations, the mortgagee is not required to file a satisfaction upon payment in full unless the mortgagor makes a written request to the mortgagee that the mortgage be released and, if such written request is made, the mortgagee shall file the release within thirty days after payment in full or such written request is made whichever occurs later.

Sec. 3. [Section 655.3](#), Code 2018, is amended to read as follows:

655.3 Penalty for failure to discharge.

If a mortgagee, or a mortgagee's personal representative or assignee, upon full performance of the conditions of the mortgage, fails to discharge such mortgage ~~within thirty days after a request for discharge as set forth in [section 655.1](#)~~, the mortgagee is liable to the mortgagor and the mortgagor's heirs or assigns, for all actual damages caused by such failure and a penalty of five hundred dollars, including plus reasonable attorney fees. A claim for such damages may be asserted in an action for discharge of the mortgage. ~~If the defendant is not a resident of this state, such action may be maintained upon the expiration of thirty days after the conditions of the mortgage have been performed, without such previous request or tender.~~

Sec. 4. [Section 655.5](#), Code 2018, is amended to read as follows:

655.5 Instrument of satisfaction.

When the judgment is paid in full, the mortgagee shall file with the clerk a satisfaction of judgment which shall release the mortgage underlying the action. A mortgagee who fails to file a satisfaction within thirty days of receiving a written request shall be subject to reasonable damages and a penalty of one five hundred dollars plus reasonable attorney fees incurred by the aggrieved party, to be recovered in an action for the satisfaction by the party aggrieved.

Sec. 5. NEW SECTION. **655.6 Limitation of liability.**

A mortgagee is not liable under [section 655.3](#) if all of the following apply:

1. The mortgagee established reasonable procedures to achieve compliance with its obligations under [655.3](#).
2. The mortgagee complied with that procedure in good faith.
3. The mortgagee was unable to comply with its obligations because of circumstances beyond its control.

Approved March 28, 2018